

TRANSPORTATION CORPORATION OF AMERICA
MASTER CAR AGREEMENT

#11673

DATED: February 7, 1974

This Agreement, No. 11673, by and between TRANSPORTATION CORPORATION OF AMERICA, an Illinois corporation, P. O. Box 218, Chicago Heights, Illinois 60411, (herein called "OWNER") and CANADIAN FOREST PRODUCTS LTD., a British Columbia corporation, 1500 - 505 Burrard Street, Vancouver, British Columbia, (herein called "GUARANTOR").

WITNESSETH:

Description
of Cars:

7399

RECORDATION NO. _____ Filed & Recorded

FEB 15 1974 - 10 10 AM

INTERSTATE COMMERCE COMMISSION

Delivery and
Use of Cars:

(1) OWNER agrees to make available to the GUARANTOR the cars shown on the Rider attached hereto and made a part hereof, and such additional Riders as may be added hereto from time to time by AGREEMENT of the parties and signed by their duly authorized representatives. Each Rider shall set forth a brief description of the car, or cars, covered thereby including such facts as: number of cars, car initials, numbers, the A.A.R., C.T.C., or I.C.C. specification, cubic capacity, truck capacity delivery point, Guaranteed Minimum Mileage, commodity service, term throughout which the cars shall remain available to GUARANTOR, and other pertinent information that may be desired by both parties.

(2)(a) OWNER agrees to deliver to GUARANTOR the said cars F.O.T. the delivery point specified within the Rider attached, during the delivery period specified within said Rider. If there are any freight charges incurred in the delivery of the cars to GUARANTOR, GUARANTOR agrees to pay such freight charges. The OWNER shall not be liable to the GUARANTOR for any delivery or in making delivery of the cars due to accident, fire, flood, explosion, labor difficulties, material supply shortages, acts of the Government including embargoes, priorities and allocations, war or war conditions, delays of carriers or any other cause or causes beyond the OWNER's reasonable control. The GUARANTOR will cause its authorized representative to inspect each of the cars at the point of delivery. If the cars do not meet the specifications, the GUARANTOR shall accept the same and shall issue and deliver or cause to be issued and delivered to the OWNER a Certificate of Acceptance.

of Inspection and Acceptance in respect of the cars substantially in the form attached hereto as Exhibit "A". The execution by the GUARANTOR of such Certificate of Inspection and Acceptance shall for all purposes of this Agreement be deemed to be conclusive evidence that the cars described therein have been delivered to and are in the possession of the GUARANTOR under and subject to all the terms of this Agreement. However, Guaranteed Payments shall commence in accordance with Section (3) hereof.

(b) GUARANTOR guarantees that said cars will be used in international service between the United States and Canada and in domestic service in the United States (not to be used in Canada domestic service) for the transportation of commodities stated in the Rider applicable to said cars; and that said cars will at all times be used and operated in compliance with all applicable laws, acts, rules, regulations and orders; and further agrees upon the expiration or termination of the "Use Term" of the particular Rider applicable to each such car set forth in such Rider to cause said cars to be returned to OWNER at its plant in Chicago Heights, Illinois, in the same, or as good, condition in which they were furnished, except for ordinary wear and tear and free of all accumulations or deposits from commodities transported in or on the subject cars while in service pursuant to the terms of this Agreement. GUARANTOR will not in any way alter the physical structure of the cars without the approval in writing of OWNER.

(c) In order that OWNER may be eligible for the Investment Tax Credit on subject cars under the Internal Revenue Code of the United States, subject cars cannot be retained or used in Canada for more than one hundred eighty (180) days in any calendar year, (such time restrictions shall be adjusted on a pro rata basis between the first and last calendar year of the Use Term so as to accomplish the intention of the parties that the OWNER maintain subject Investment Tax Credit eligibility) and if as a result of such over-retention or over-use OWNER shall become ineligible to receive said Investment Tax Credit on such car, then GUARANTOR agrees that its guarantee hereunder is increased Twenty-Five Dollars (\$25.00) per month on each such car, effective as of the date such car was originally accepted by GUARANTOR.

(d) In the event any one or more of the subject cars are retained in Canada for

than 72 days in any calendar year, OWNER may at OWNER'S option terminate this Agreement and require any one or more of subject cars to be returned to OWNER as set forth in sub-section (b) hereof.

Payment to
Owner and
Guarantee:

(3)(a) OWNER is to receive from all Railroad Companies on whose tracks subject cars operate all mileage and other monies earned by subject cars.

(b) The GUARANTOR hereby guarantees that the OWNER shall on the first day of each and every calendar month throughout the term of this Agreement receive United States funds totaling no less than the amount stated in the Rider as Guaranteed Minimum Mileage per each car which is the subject of this Agreement ("Guaranteed Minimum Mileage"). In the event such monies are not so received by the OWNER on or prior to such date or dates, the GUARANTOR will on or before the 1st day of such calendar month pay to the OWNER the difference between such Guaranteed Minimum Mileage and the amount received by the OWNER from such Railroad Companies.

(c) Such Guaranteed Minimum Mileage shall be due and payable on that first day of that first calendar month which immediately follows the date a car enters into Canada or is first loaded by the GUARANTOR or any subsidiary or customer of the GUARANTOR, whichever date is first to occur ("Use date"). In addition, GUARANTOR hereby guarantees that on said Use Date the OWNER will receive United States funds equal to the pro rata of one month's Guaranteed Minimum Monthly Mileage for the period intervening between the Use Date and that first day of that said first calendar month.

(d) All monies are to be paid to the OWNER, P. O. Box 218, Chicago Heights, Illinois U.S.A. 60411, or such other place as the OWNER or its assignees may hereafter direct.

(e) Upon the Use Date the GUARANTOR shall deposit with the OWNER \$1,260.00 per car so as to be available for use on that Use Date. Such deposit will serve as a guarantee of performance by the GUARANTOR and may from time to time be applied by the OWNER to fulfill the GUARANTOR'S obligations hereunder. Within four calendar months immediately following the termination of this

Agreement as to each car, such deposit, as it then exists as to each car, shall, after having given GUARANTOR full credit for all mileage earned and received by the OWNER resulting from subject car throughout the term of this Agreement be refunded to the GUARANTOR.

Use Term of Agreement:

(4) This Agreement shall be effective as of the date first set forth hereinabove and shall expire upon expiration of the Use Term of the last car, or cars, covered hereunder. The Use Term for each car shall be as shown in the Rate covering such car.

Repair and Maintenance:

(5)(a) GUARANTOR shall notify OWNER within three (3) full business days following knowledge of any damage to any of the cars. OWNER agrees to pay for the maintenance and repair of said cars to the extent of the requirements of railroad companies and existing Association of American Railroads and Canadian Transport Commission rules; but it will not pay for repairs made to said cars in excess of the basis of Association of American Railroads' interchange or Canadian Transport Commission rules. No repairs to any of the cars shall be made by GUARANTOR for OWNER'S account without OWNER's prior written consent. If any of the cars become unfit for service and shall be held in railroad or car shops for repairs, and shall remain there for a period in excess of five (5) days, service charges hereunder covering any such car payable by GUARANTOR to OWNER shall cease from and after such period of five (5) days until such car is released from the shop or until another car has been placed in the service of GUARANTOR for OWNER in substitution for such car undergoing repairs. In the event any of the subject cars shall be damaged or destroyed by the railroad, the Guaranteed Minimum Mileage on any such car shall cease on the date of such damage or destruction. When such damaged car has been forwarded to a shop for repair, the mileage earned by such car to and from the shop shall be retained by the OWNER.

(b) OWNER shall keep the cars in good order and repair, ordinary wear and tear excepted, and shall comply with any additional requirements for safety appliances and construction hereinafter specified by American Association of Railroad

Interstate Commerce Commission or Canadian Transport Commission and satisfactory for interchange in accordance with Association of American Railroads' and Canadian Transport Commission rules, and all at its own cost and expense. GUARANTOR shall, at its expense, replace any removable parts, if lost, broken, damaged, removed or stolen.

(c) In the event of the loss, destruction or irreparable damage to any of the cars from any cause whatsoever, except while in possession of OWNER, during the continuance of this Agreement the GUARANTOR shall promptly and fully inform OWNER in regard to such loss, destruction or damage and GUARANTOR shall pay unto OWNER the cost of repairing such damage, or replacing lost or destroyed cars, save and except when loss or destruction of or damage to any of the cars results while such car is in a repair shop undergoing repairs or is attributable to the negligence or omission of OWNER, its agents, employees or represents damage or loss for which a railroad or railroads has or have assumed responsibility, including investigating and defending against any claim for damages. In no case shall that amount exceed the depreciated valuation of such cars as provided for in the interchange Rules of the Association of American Railroads or the rules of the Canadian Transport Commission.

Inspection:

(6) GUARANTOR shall allow the OWNER at its own cost and expense to inspect the cars at reasonable time or times.

Mileage and
Per Diem
Reports:

(7) The OWNER shall collect and retain all mileage earned by said cars and credit same to the GUARANTOR to the extent of the total Guaranteed Minimum Mileage heretofore provided, and all the OWNER shall keep all records pertaining to car movements. The GUARANTOR shall assist the OWNER in following the movements of said cars by furnishing the OWNER complete weekly report of the movements of cars; both loaded and empty, giving destination, date of loading, and the routing of each movement. The GUARANTOR agrees so to use said cars that the mileage under contract shall be equal to the mileage empty on each railroad over which they move. If during a calendar year, the empty mileage on any railroad

exceeds the loaded mileage, the GUARANTOR shall immediately upon being billed by the OWNER, to the OWNER for such excess at the rate established by the tariff of the railroad on which such excess of empty mileage is incurred. For purposes of this paragraph, the railroad mile and junction reports received by OWNER shall prima facie evidence of the facts reported therein. Any mileage in excess of the Guaranteed Minimum Mileage shall belong to the OWNER.

Payment of
Taxes:

(8)(a) During the term of this Agreement GUARANTOR shall, in addition to the Guarantees herein specified, pay all sales, use, rental and excise taxes, personal property taxes, assessments, foreign tax, import taxes, customs duties and other governmental charges, whatever, whether payable by the OWNER or the GUARANTOR, on or relating to the cars subject hereto, the use of such cars or this Agreement (except income taxes); the GUARANTOR shall be under no obligation to pay any such tax so long as it is being contested in good faith and pending appropriate administrative or legal proceedings.

(b) The GUARANTOR represents to the OWNER that to the best of its knowledge, information and belief, no monies to be paid to or deposited with the OWNER under the terms of Agreement by the GUARANTOR or any Railroad are subject to any Canadian Dominion or Provincial Withholding Tax of any nature whatsoever.

Marking of
Cars:

(9)(a) The OWNER shall plainly, permanently stencil the ownership legend on each new car letters not less than one (1) inch in height reading:

"TRANSPORTATION CORPORATION OF AMERICA, OWNER"

and immediately replace any such stencilling which becomes illegible, wholly or in part. Should changes or additions be required in foregoing legend, GUARANTOR shall make such changes or additions, and the expense therefor shall be borne by the OWNER. The GUARANTOR shall keep the cars free from any marking which might be interpreted as a claim of ownership thereof by anyone other than the OWNER; and will not change, or permit to be changed, the identifying road numbers.

(b) GUARANTOR represents and warrants that subject cars are now and shall remain throughout the term of this Agreement marked and identified in accordance with the car numbers and other identification marks provided within the Riders which are now and which shall hereafter be attached hereto.

Indemnification:

(10) Except while cars are in the possession of OWNER, GUARANTOR will indemnify and hold harmless against loss or damage during the term of this Agreement by or to any of the cars subject to this Agreement, or to or by the contents thereof, howsoever occurring, and will indemnify OWNER against any loss, fee (including the reasonable cost of investigating and defending against any claim for damages), expense, damage suffered by it by reason of, or arising out of, or in any way occasioned by this Agreement or the use of the subject cars, excepting however any loss, liability, claim, damage or expense which occurs with respect to any of the cars while such car is in a repair shop undergoing repairs; which is attributable to the negligence or omission of OWNER, its agents or employees or for which a railroad or railroads has or have assumed full responsibility.

Assignment by
Guarantor:

(11) GUARANTOR shall make no transfer or assignment of its interest under this Agreement in and to the cars without OWNER'S prior written consent, (but in no event, is it to be released from any of its guarantees), such consent not to be unreasonably withheld, except that GUARANTOR may authorize any of the cars to be used by customers for temporary use consistent with normal merchandising methods or to one or more of its affiliated companies.

Liens and
Security
Interests:

(12)(a) The GUARANTOR shall keep the car free from any encumbrances or liens which may cast a cloud upon, or otherwise affect, the OWNER'S title.

(b) It is understood that some of the cars furnished GUARANTOR under this Agreement may, at the time of delivery to the GUARANTOR or at some future time during the term of this Agreement, be subject to the terms of a mortgage, conditional sale agreement, deed of trust, equipment trust, pledge or similar security

arrangement. GUARANTOR agrees that the cars may be stencilled or marked to set forth the ownership of any such cars in the name of a mortgagee, trustee, pledgee or security holder and that this Agreement, and GUARANTOR'S rights hereunder, are and shall at all times be subject and subordinate to any and all rights of any mortgagee, trustee, pledgee or security holder.

Remedies:

(13) Upon the happening of any of the events of default as hereinafter defined, the OWNER or its Assignee may then, or at any time thereafter, take possession of the cars and any accessories thereto, wherever same may be found, and, at the election of the OWNER or the Assignee as the same may be, either:

(a) declare the Agreement terminated in which event all rights of the parties hereunder shall cease except only the obligation of the GUARANTOR to pay accrued Guaranteed Minimum Mileage to the date of retaking, or;

(b) relet the cars as agent of the GUARANTOR, apply the proceeds of such relet first to the expenses that may be incurred in the retaking and delivery of the cars to the user, then to the payment of the Guaranteed Minimum Mileage due under this Agreement, and the GUARANTOR shall remain liable for any Guaranteed Minimum Mileage remaining due after so applying the proceeds so realized, and the GUARANTOR covenants and agrees to pay said amount monthly as the same may accrue.

Default:

(14) The happening of any of the following events shall be considered an "event of default" hereunder:

(a) nonpayment by the GUARANTOR within thirty (30) days after the same becomes due on any installment of Guaranteed Minimum Mileage hereunder;

(b) failure of the GUARANTOR to comply with, or perform, any of the other terms and conditions of this Agreement within thirty (30) days after receipt of written notice from the OWNER, or its Assignee, demanding compliance therewith and performance thereof;

(c) the assignment of any of GUARANTOR'S

assets for the benefit of its creditors, or appointment of a receiver or trustee in bankruptcy for the GUARANTOR or for any of its property and the failure by such receiver or trustee to adopt and assume and agree to perform the obligations of the GUARANTOR hereunder within thirty (30) days after such appointment.

Patent Indemnification:

(15) OWNER shall (except for articles or materials specified by GUARANTOR and also for designs and systems used in the construction of subject cars as a result of GUARANTOR'S specifications) indemnify, protect and save harmless the GUARANTOR from all claims, damages, including royalties, judgments (including court costs), attorneys fees, and expenses in any way arising out of, or on account of the use of any or all patented inventions, employed in and about the construction, repair, alterations, or improvements of the cars, or any part thereof, which are incorporated in a car by the OWNER.

Filing:

(16) The OWNER intends to cause this Agreement to be filed and recorded with the Registrar General of Canada, other Dominion and Provincial Departments and Officials and with the United States Interstate Commerce Commission in accordance with Section 20(c) of the Interstate Commerce Commission Act. The GUARANTOR shall from time to time do and perform any other act, and execute, acknowledge, deliver, file, register and record any and all further instruments required by or requested by OWNER, for the purpose of protecting its title and rights, or for the purpose of carrying out the intention of this Agreement and the GUARANTOR will promptly furnish to the OWNER certificates or other evidences of all such filing, registering and recording in form satisfactory to OWNER. The OWNER shall promptly reimburse GUARANTOR for any out-of-pocket expenses it may so incur.

Miscellaneous:

(17)(a) It is mutually agreed that the terms of payment of the Guaranteed Minimum Mileage of the essence of this contract.

(b) The terms of this Agreement and rights and obligations hereunder shall be governed by the laws of the Province of British Columbia, Canada.

Assignment by
Owner -
Secured Party:

(18) OWNER may obtain financing through a financial institution and secure such financing through a financial institution ("Secured Party") by granting a security interest or other lien on any or all cars, this Agreement and sums due under this Agreement. In such event

(a). The Security Agreement or instrument will specifically provide that it is subject to GUARANTOR'S rights as herein provided.

(b) Such assignment of this Agreement will not relieve OWNER from its obligations hereunder or be construed to be an assumption by the Secured Party of such obligations (but the Secured Party may perform, at its option, some or all of the OWNER'S obligations);

(c) Upon request by the Secured Party, GUARANTOR will make all payments of amounts due hereunder directly to the Secured Party;

(d) GUARANTOR hereby agrees for the benefit of the Secured Party that GUARANTOR'S obligations hereunder, including (without limitation) its obligation to pay Guaranteed Minimum Mileage and other amounts due hereunder, shall not be subject to any reduction, abatement, setoff, counterclaim or recoupment for any whatsoever; and

(e) GUARANTOR will not, after obtaining knowledge of any such assignment, consent to any modification of this Agreement without the consent of the Secured Party.

Insurance:

(19) GUARANTOR will maintain at its sole expense at all times during the term of this Agreement public liability insurance, for the benefit of the OWNER, in amounts and with insurance companies satisfactory to the OWNER. OWNER shall be furnished with copies of such insurance certificates. Such insurance shall cover OWNER, GUARANTOR and Secured Party (as their interests may appear) in respect to public liability risks arising out of the condition, maintenance, use or operation of the cars.

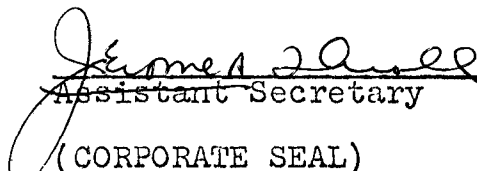
IN WITNESS WHEREOF, the parties hereto have caused this instrument to be signed and sealed by their respective corporate officers and duly attested, as to the date first above written.

TRANSPORTATION CORPORATION OF AMERICA
(OWNER)

By: 


Vice President

ATTEST:

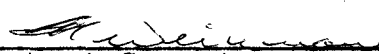

Assistant Secretary

(CORPORATE SEAL)

CANADIAN FOREST PRODUCTS LTD.
(GUARANTOR)


Vice President

Attest:


Assistant Secretary

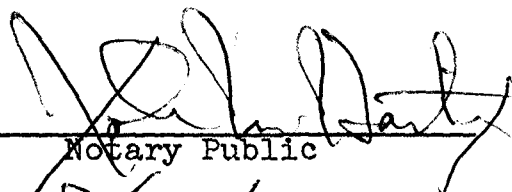
(CORPORATE SEAL)

STATE OF ILLINOIS }
COUNTY OF C O O K } SS.

On the 7th day of February, 1974, before me personally appeared JOHN P. LYNCH, to me personally known, who being by me duly sworn, says that he is Vice President of Transportation Corporation of America, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(NOTARY SEAL)

My Commission expires: _____



Notary Public
7/18/75

DOMINION OF CANADA }
PROVINCE OF BRITISH COLUMBIA }

On the 7th day of February, 1974, before me personally appeared W. M. ROBSON, to me personally known, who being by me duly sworn, says that he is Vice President of Canadian Forest Products Ltd., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(S E A L)

My Commission ~~expires~~ does not expire _____



TRANSPORTATION CORPORATION OF AMERICA
RIDER #1
TO MASTER CAR AGREEMENT NO. 11673

IT IS HEREBY AGREED THAT, effective February 7, 1974, this Rider become a part of Master Car Agreement No. 11673 between TRANSPORTATION CORPORATION OF AMERICA and CANADIAN FOREST PRODUCTS LTD. dated February 7, 1974, and the cars described herein shall be placed in CANADIAN FOREST PRODUCTS LTD. service, subject to the terms set forth below:

CAR INITIAL AND NUMBERS:
CAR OWNERS MARKS:

TCAX 20000 to TCAX 20230, both in
TRANSPORTATION CORPORATION OF AMERICA
OWNER.

COMMODITY SERVICE:

Lumber and other products of the
forest which would cause subject
cars wear and tear similar to that
of lumber.

CLASS OF CAR:

Thrall-Door Cars.

NO. OF CARS:

TWO HUNDRED THIRTY-ONE (231)

TRUCK CAPACITY:

70-Ton.

DELIVERY PERIOD:

March - April, 1974.

DELIVERY POINT:

Hammond, Indiana.

GUARANTEED MINIMUM MILEAGE:

THREE HUNDRED FIFTEEN DOLLARS
(\$315.00) per car per month.

USE TERM:

60-months from Use Date as defined
within Section 3(c) of the Agreement

CERTIFICATE OF INSPECTION
AND ACCEPTANCE:

Exhibit "A" attached hereto and
a part hereof.

ATTEST:

James A. Zandell
Assistant Secretary

(SEAL)

TRANSPORTATION CORPORATION OF AMERICA
(C)

By: [Signature]
Vice President

CANADIAN FOREST PRODUCTS LTD.
(GUARANTY)

ATTEST:

[Signature]
Assistant Secretary

(SEAL)

By: G.M. Brown
Vice President

CERTIFICATE OF INSPECTION AND ACCEPTANCE

Dated this _____ day of _____, 19

Transportation Corporation
of America
P. O. Box 218
Chicago Heights, Illinois 60411

Gentlemen:

The undersigned Inspector of Canadian Forest Products Ltd. (Guaran
hereby certifies that he has made a thorough examination of _____
Railroad Cars bearing numbers as follows:

and hereby accepts them for Guarantor under and pursuant to that
certain Master Car Agreement dated February 1, 1974 between Transp
tation Corporation of America, as Owner, and the Guarantor; that ea
of said Cars is plainly marked and stencilled on both sides of eac
Car with the words "TRANSPORTATION CORPORATION OF AMERICA, Owner"
readily visible letters, not less than 1" in height; and that each
said Cars fully complies with the specifications referred to in sa
Master Car Agreement.

INSPECTOR FOR CANADIAN FOREST
PRODUCTS LTD.

(Exhibit "A")